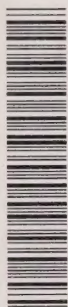


62-D-88



3 1761 11633865 8

Canada
Statistics
Price Trends and General Economic
Conditions in Great Britain
1924-27



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

62-5-88

Dominion Statistician:	R. H. Coats, B.A., F.S.S. (Hon.), F.R.S.C.
Chief, Internal Trade Branch:	F. J. Horning, B.A., F.S.S.
Prices' Statistician:	Herbert Marshall, B.A.

PRICE TRENDS AND GENERAL ECONOMIC CONDITIONS IN
GREAT BRITAIN.

In a summary of a review of price trends and economic conditions in Great Britain prepared by the Dominion Bureau of Statistics the following points are mentioned:

1. The improvement in British trade and industry which characterized the early part of 1926 was turned to disaster by the coal strike but the measure of reorganization which this forced upon industry augurs well for the future. The first quarter of 1927 has shown steadily improving conditions.

2. Britain's commercial difficulties since the return to the gold standard and the deflation which followed, while they accentuated depression due to the overvaluation of the pound sterling were not the fundamental cause of it. Many of the troubles of the great export industries are the result of the war though some other important causes have been at work. The European iron and steel industry has now too great productive capacity for present demand. British textile industries have suffered from overcapitalization, the rise of domestic industries in various countries, depreciated currencies and uncertainty due to falling prices for raw material. Coal, beside having to compete with increased output in Europe, has to face the growing competition of oil and electricity. Shipbuilding still faces lack of demand, due to superfluous after war tonnage.

Britain's return to the gold standard restored her financial prestige and was a tremendous impetus towards stabilization in other countries. It hastened the return to more normal conditions. It is probably true that if she had not returned to the gold standard in May 1925 force of circumstances might have delayed the movement for several years.

3. British Trade figures in 1926 showed an excess of merchandise imports of £465,400,000 as compared with £393,293,000 in 1925, an increase of £72,102,000. This is largely to be attributed to the importation of coal to replace domestic production, but it is also due to a falling off in exports of coal, iron and steel, textiles, etc.

4. The British balance of international payments according to Board of Trade figures, showed a debit of £12,000,000 against a credit of £54,000,000 in 1925 and one of £36,000,000 in 1924. This debit is probably too large and it may even be that when all invisible items are considered the accounts nearly balance.

5. The stable monetary conditions in 1926 in the face of the decline in exports and the labour troubles, have occasioned much wonder. Certain opposite influences tended to keep the bank rate and exchange in equilibrium, such as foreign balances deposited in London while at home there was a lessened demand for money. The fall in cotton prices influenced the British-United States balance of payments. The fundamental reason, however, seems to have been that invisible exports have been underestimated in previous years and the crisis served to reveal in a clearer light the fundamental financial soundness of the nation.

British wholesale prices moved up during several months of 1926 while world tendencies were downward. This was due largely to the influence of higher prices for coal, iron and steel due to the strike. When work was resumed by the miners the general index commenced to fall again. In January 1926 it was 151.3 and in November it was 152.4. By March 1927 it had dropped to 140.6. Cotton textiles were 175.0 in January 1926 and in March 1927.

7. A review of special industries tells a story of disappointed hopes and greatly diminished business in most export trades but sheltered business did not suffer to the same extent. Though the stabilization of some currencies tended to ease the severity of foreign competitors in cottons it was still very great and falling raw material prices led to hand to mouth buying of finished products. Exports of yarns declined from 189½ million yards in 1925 to 168½ million in 1926 and exports of piece goods from 4,436 million to 3,834 million square yards.

In the iron and steel industry, which suffered heavily through the coal strike,

pig iron production fell to the lowest figure since 1860 and that of steel ingots and castings to the lowest since 1895. It is pointed out by the London Economist that for the first time in modern history imports of iron and steel into Great Britain exceeded exports. This was due to imports of semi-finished steel for the finishing industries.

Production of coal fell from 247,500,000 tons in 1925 to 129,800,000 in 1926. Exports, including bunkers, fell from 67,300,000 tons in 1925 to 28,200,000 tons in 1926. Imports on the other hand increased from 11,000 tons to 20,000,000 tons.

Shipbuilding fell in 1926 to the lowest levels yet reached in the depression which has characterized the industry for several years. Shipping arrangements were much upset by the strike and tramp steamers were much in demand for carrying coal imports hence rates rose steeply.

Among other industries the engineering trades were prosperous and 1927 promises greater improvement.

